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C O N F I D E N T I A L SEOUL 002218

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EAP/K TO PASS TO USTR

E.O. 12958: DECL: 11/14/2018
TAGS: PREL ETRD EFIN ECON KS KN
SUBJECT: ROK PM HAN: PREPARED TO WAIT ON FTA, INTERNAL
PROBLEMS BEHIND HARD DPRK STANCE

REF: SEOUL 02052

Classified By: Ambassador Kathleen Stephens. Reasons 1.4(b/d)

¶11. (C) SUMMARY: ROK Prime Minister Han Seung-soo told the Ambassador during a courtesy call on November 13 that the ROKG was prepared to wait for the U.S. to take up the matter of its ratification of the KORUS FTA, but would encourage ratification of the accord by the National Assembly in the meantime. The ROKG understood that President-elect Obama faced serious domestic economic issues and would take time to sort out other economic priorities. PM Han said Korea would not press the new administration or Congress on U.S. ratification. He also noted that Korea wanted to preserve the gist of the agreement and avoid use of the term &renegotiation.8 PM Han interpreted DPRK sensitivity to propaganda leaflets from South Korean NGOs and threats to restrict activity at Kaesong Industrial Complex to be indicative of regime insecurity and serious internal problems in North Korea. The DPRK was taking a confrontational stance in order to mobilize domestic support for the regime, he continued, as word was surely spreading that Kim Jong Il was not well. The U.S. and ROK needed to be prepared for any possibility as tensions continued to rise, he added. PM Han also commented that the world was elated by Barack Obama's election and that President Lee had favorable remarks about his telephone conversation with him. About President-elect Obama's White House visit with President Bush and cooperative bipartisan preparations for a transfer of power, he said, "We need to learn this tradition in Korea." End Summary.

"WILL WAIT" FOR U.S. RATIFICATION OF KORUS FTA

¶12. (C) The KORUS FTA and North Korean posturing were among the topics of discussion during a courtesy call the Ambassador paid on ROK Prime Minister Han Seung-soo on November 13. On the KORUS FTA, PM Han said the ROKG would focus for the time being on encouraging ratification by the National Assembly. Seoul was prepared to let the U.S. take its time in addressing ratification. The ROKG understood that faced pressing domestic economic issues and that President-elect Obama would take time to sort out other economic priorities, according to PM Han. He stressed that Seoul would be patient and would not press the new administration or Congress on FTA ratification. The Ambassador urged caution on public statements that could reduce flexibility in the months ahead. She also urged

avoidance of actions that could become irritants in the economic relationship. The Prime Minister agreed with the Ambassador that, in order to maintain flexibility on the issue, it was wise to use care when discussing the FTA publicly. He said the ROKG strongly believes the agreement is mutually beneficial and would like to maintain the &gist8 of the agreement. The ROKG would like to avoid any use of the term &renegotiation,⁸ which PM Han asserted had strong connotations in Korean.

¶13. (C) Recalling an October 15 meeting with Senator Hagel in Seoul, PM Han emphasized Seoul's desire to be actively involved in discussions pertaining to international financial reform. He added that the ROKG was grateful for the U.S. \$30 billion currency swap. The Ambassador told the Prime Minister the G20 financial summit was the right place to start discussing a response to the global financial turmoil and that it was essential that the ROK be at the table. The PM stressed that Korea would always support the United States in this process.

DPRK STANCE BETRAYS INTERNAL PROBLEMS

¶14. (C) Asked about the DPRK's announcement of its intent to restrict activity at the Kaesong Industrial Complex, PM Han said he thought this was indicative of serious internal problems in North Korea and suggested that Kim Jong Il might not be in control. "Whenever a strong leader becomes ineffective, there will be problems," he commented. The more insecure the DPRK regime felt, Han continued, the more

outspoken and confrontational an approach it would take. This was needed to mobilize domestic support as word was surely spreading that Kim Jong Il was not well.

¶15. (C) The ROKG would be careful in its response to the DPRK, Han said, but would "maintain its principles" and make it clear that the current ROK government was different from previous ones. Seoul was concerned for welfare of the people of North Korea and remained ready to provide assistance, but only if Pyongyang agreed to resume dialogue and apologized for the Mt. Kumgang shooting on July 11.

¶16. (C) For now, it was very important for the U.S. and ROK to maintain strong security cooperation and be prepared for any possibility, including, for example, a "sudden event" along the DMZ. As inter-Korean tensions continued to rise, cooperation would be critical, PM Han said. It was also important to show Pyongyang that the U.S.-ROK relationship continued to be a strong one.

"ELATED" BY OBAMA'S ELECTION

¶17. (C) Noting the impact Barack Obama's election would have not just in the U.S. but around the world, the Prime Minister said all were "elated" by the President-elect's victory. President Lee had favorable remarks about his telephone conversation with President-elect Obama. The cordial, bipartisan spirit in which the transition from one administration to another was proceeding was something worthy of emulation, PM Han said, adding that "we need to learn this tradition in Korea."

STEPHENNS